

File

ANGLO UNITED
Development Corporation
LIMITED

26th ANNUAL REPORT



1975



OFFICERS	President, ALAN R. B. LOWE Vice-President, MATTHEW GILROY Vice-President, L. JULES GREGOIRE Secretary-Treasurer, THOMAS E. KELLY
DIRECTORS	JOHN C. EVANS, Investment Dealer, Toronto, Canada MATTHEW GILROY, Mining Executive Dublin, Ireland L. JULES GREGOIRE, Civil Engineer, Hull, Canada A. GARFIELD HEYES, Mining Executive, Toronto, Canada PATRICK J. HUGHES, Mining Executive, Dublin, Ireland ALAN R. B. LOWE, Mining Executive, Toronto, Canada PETER McALEER, Barrister at Law, Dublin, Ireland JAMES H. MORLOCK, Barrister and Solicitor, Toronto, Canada GEORGE T. SMITH, Mining Executive, Toronto, Canada
TECHNICAL STAFF	JOHN J. ROYALL, B.Sc., Resident Manager Chief Geologist in charge of A & P Project ANDRE VIAL, B.Sc., M.Sc., Geologist DAVID G. WILBUR, B.Sc., Geologist BRIAN WILLIAMS, B.Sc., Geologist
SHAREHOLDERS' AUDITORS	COOPERS & LYBRAND Chartered Accountants, Toronto, Canada
BANKERS	BANK OF NOVA SCOTIA King and Victoria Sts. Branch, Toronto, Canada Canada House, St. Stephens Green, Dublin, Ireland
TRANSFER AGENTS	CANADA PERMANENT TRUST COMPANY Toronto, Canada
EXECUTIVE AND HEAD OFFICE	P.O. Box 27, Suite 2602, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Canada M5K 1A1 Telephone (Area Code 416) 362-2781, Telex: 06-217766 Cable Address "ANGUNIT", Toronto, Canada
DUBLIN OFFICE	162 Clontarf Road, Dublin, Ireland
ANNUAL MEETING OF SHAREHOLDERS	Monday, March 29, 1976, 9.30 a.m., Toronto time. Royal Room, King Edward Hotel, Toronto, Canada

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 26th Annual Report of the Company. Included are the audited consolidated financial statements of the Company and its wholly owned subsidiaries for the fiscal year ended 31st October, 1975 together with the following review of the principal properties and mineral interests held and a summary of the main activities during the year.

The major emphasis of exploration in the 1974-1975 fiscal year was in connection with the group of 53 prospecting licences in the Republic of Ireland held under the working option agreement from La Societe Miniere et Metallurgique de Penarroya ("Penarroya") dated 1st July, 1971.

As of 1st November, 1975 the foregoing agreement was superceded by a joint venture agreement between your Company's wholly owned subsidiary, Munster Base Metals Limited ("Munster"), Societe Miniere et Metallurgique de Penarroya and Preussag Aktiengesellschaft Metall ("Preussag") involving the original 53 prospecting licences and seven additional prospecting licences assigned to the joint venture by Munster.

The financial obligation of your Company in respect of the initial agreement dated 1st July, 1971 whereby it was responsible for 100% of the exploration and related expenses is materially changed by the superceding agreement under the terms of which each of the parties will have an initial one-third participating interest in connection with the contemplated exploration programmes relating to the 60 prospecting licences now constituting the joint venture.

The contemplated exploration programmes will be subject to approval by the Management Committee in which each of the parties will exercise their respective vote. Provision has been made for any of the parties to withdraw from a specific project at the conclusion of the approved exploration programme. Munster has been designated as the operator for the joint venture.

For purposes of reference, the agreed preliminary exploration credit allocable to expenses incurred by your Company and its wholly owned subsidiary during the currency of the initial agreement has been determined as US\$800,000 and the corresponding credit allocable to the other participants (Penarroya and Preussag) and relating to prior expenditures, has been determined as US\$1,600,000.

The foregoing credits are essentially reference figures to be applied in determining the respective subscription rights of the joint venturers in the first or any exploitation entity which may be formed as a result of exploration completed under an approved programme in which equal contributions are made.

Certain initial exploration programmes were duly approved by the Management Committee during January, 1976 and it is anticipated that these and other recommended exploration programmes will be carried out on selected areas during the 1976 calendar year.

Financial

Your Company's working capital at 31st October, 1975 (exclusive of investments consisting of 246,333 shares of Northgate Exploration Limited) amounted to \$93,533 compared with \$286,026 at fiscal year end 1974. Revenue during the year amounted to \$85,371 and total exploration expenditures for the period, including expenses related to the then existing Penarroya Agreement, amounted to \$212,404. Under the accounting policies of the Company and its subsidiaries, sufficient expenditures are charged to expenses in the year incurred to offset dividend and other income obtained during the period.

Subsequent to the 1975 fiscal year end 600,000 common shares were sold under private placement to associated Northgate Exploration Limited for \$400,000 cash.

PROSPECTING LICENCES IN THE REPUBLIC OF IRELAND

Exploration on certain areas of the group of 53 prospecting licences within the 1971 working option agreement with Penarroya was the main activity of the Company during the 1974-1975 fiscal period. This work was carried out by the company's wholly owned subsidiary, Munster Base Metals Limited, and consisted principally of prospecting, geological mapping and geochemical surveys. In addition, diamond drilling was carried out in the Mallow licence area including follow-up drilling of eight holes for a total of 2,411 feet in the area of the known copper-silver deposit.

The following is a summary of the work completed during the period on the Penarroya licence areas:

Wexford – Several detailed and deep soil sample grids were carried out over parts of the licences in this area. One strong lead-zinc anomaly has been defined on one licence where additional work is planned. The extension of a known baryte vein was also defined beneath the overburden on this same licence and diamond drilling is recommended to investigate this structure at depth.

This group of licences includes the known mineralized area which was diamond drilled during 1972, obtaining significant zinc mineralization at depths up to 750 feet.

Kerry – Approximately 1,100 reconnaissance soil samples taken over favourable areas of the northern portion of this licence group did not show any significant anomalies. However, deep overburden sampling covering the Toanreagh lead anomaly referred to in the 1974 Annual Report has shown enhanced values.

Detailed follow-up soil sampling at two-foot depth over several reconnaissance anomalies has defined a modest copper-zinc anomaly 1,200 feet long and a separate stronger lead-zinc anomaly (peak value 900 ppm lead) on a licence in the southwestern portion of the Kerry group.

Mallow – Additional deep overburden sampling in an area approximately 2,000 feet west along strike from the known Tullacondra copper-silver deposit has indicated two small copper anomalies. Detailed two-foot depth sampling on a 200-foot grid has been completed over the entire area of the inlier underlain by favourable Lower Carboniferous Limestones. North-South linear geochemical anomalies indicated by the original earlier reconnaissance survey have been substantiated by the detailed grid.

The outcropping lead-zinc mineralization and associated geochemical anomaly in the Grange East area about 2.5 miles east of the Tullacondra copper-silver deposit has been investigated by trenching, and in May 1975 three diamond drill holes totalling 389 feet were completed. This drilling did not however, indicate any continuity in depth of the surface mineralization.

In the area of the Tullacondra copper-silver deposit a further eight holes totalling 2,411 feet were completed. The holes are mostly confined to an area immediately south-east of the 1973 drilling. Mineralization was intersected in four of the holes, including holes 34 and 35 located approximately 600 feet apart, and hole 37, 100 feet south of 34. The assays of these four holes are as follows:

Hole No.	Intersection		Width of Intersection Feet	Copper %	Silver Ozs/Ton
	From	To			
32	235'	245'	10	0.94	0.27
34	254'	269'	15	0.85	6.80
35	134'	157'	23	0.63	4.50
37	224'	269'	40	0.69	1.58

Assay results of these four holes, three of which were previously reported in the Interim Statement of June, 1975, show some intersections of erratically high silver values ranging up to 13.7 ounces of silver per ton over a five foot width.

Other Licence Areas – Geochemical surveys were also carried out on the Athy, Carrick-on-Suir, Cahir and Limerick licence areas with varying results. Small moderate geochemical anomalies were defined on the Carrick-on-Suir licences which deserve follow-up work. A total of 674 one-foot depth reconnaissance soil samples were taken in the south-western part of one licence in this group and additional detailed two-foot sampling on a 200-ft. grid in the Ballynorth area has confirmed the original reconnaissance lead-zinc anomalies in this area.

Prospecting and geological mapping was continued in the Monaghan and Donegal areas. Minor copper mineralization was found in float blocks on a Monaghan area licence.

WHOLLY OWNED LICENCES

A major exploration programme for scheelite (tungsten) was carried out on a group of 15 licences in the Connemara area (held jointly with other companies) during the year. Significant scheelite occurrences were found and Munster is currently negotiating an agreement with another company which wishes to continue exploration on this ground under joint venture.

Munster also conducted a survey on its Clontibret licence during the year and further work is planned. Drilling many years ago by former operators reportedly encountered interesting antimony and associated gold values.

GOLD PROPERTY, N.W.T., CANADA

The Company's Camp Lake gold property consisting of 20 claims or approximately 1,000 acres in the Yellowknife area, Northwest Territories, is held under a 21-year mining lease.

Exploration carried out during the 1974 field season correlated with previous work provided a basis for a recalculation of drill-indicated reserves for the No. 1 and No. 2 Zones and the 'B' and 'C' veins of the South Zone, now estimated at 43,750 tons averaging 0.46 ounces of gold per ton.

In these calculations, mining width is calculated by adding 1.0 feet (at assay grade) to the true width of the intersection and minimum mining width is 4.0 feet. Grade of blocks containing high gold values are cut to 1.5 times the average grade of the zone or vein, a procedure used to calculate reserves within developed portions of two producing mines in the district. Single drill intersections in the 'D', 'E' and 'F' veins of the South Zone were not considered in calculating the reserves.

The Company's firm of consultants recommended that underground exploration of these three known main zones be undertaken to determine grade, tonnage and ground conditions as a more positive approach, particularly with respect to the complex South Zone.

A feasibility study was carried out by Bacon & Crowhurst Ltd., consulting engineers, to consider the most economical and flexible method of underground access to the more favourable zones. These studies concluded the most appropriate design would involve a long decline (with branches) at a 15% grade for a total decline distance of 3,889 feet. The estimated cost of this programme is \$1,151,730 and does not include any provision for underground diamond drilling.

The decision to consider the implementation of this recommended underground programme will await an improvement in the price of gold to an acceptable and sustained level.

Subsequent to the completion of the 1974 programme, your Company was apprised of a situation involving the creation of a large reservoir by the Northern Canada Power Commission related to a power generating plant nearby and the consequent flooding of a portion of the Camp Lake gold property.

The Company is taking appropriate action to ensure against suffering any possible future damage as a result of this flooding which has already inhibited exploration of certain parts of the property.

General

The Directors express appreciation for the loyal and effective work of our technical staff, employees and consultants.

On behalf of the Board of Directors,

"Alan R. B. Lowe"

President

3rd March, 1976

ANGLO UNITED DEVELOPMENT CORPORATION

AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT OCTOBER 31, 1975

ASSETS

CURRENT ASSETS

Cash	
Short-term deposits	
Accounts receivable	

INVESTMENTS – at cost (note 2)

Shares of Northgate Explorations Limited (quoted market value 1975 – \$788,266; 1974 – \$936,605)	
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MINING AND OIL PROPERTIES (note 3)

Oil leases	
Mining claims	
Interest in exploration ventures	
Deferred exploration expenses	

OTHER ASSETS

Head office furniture – at cost	
Organization expenses	

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued charges	
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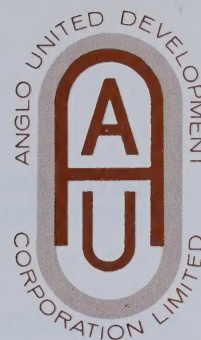
SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5)

Authorized – 8,000,000 shares without par value	
Issued and fully paid – 6,413,500 shares	

DEFICIT	
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LIMITED



1975	1974
\$	\$
41,746	63,657
66,000	230,555
4,426	4,306
<u>112,172</u>	<u>298,518</u>

<u>231,541</u>	<u>231,541</u>
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72,657	80,471
72,500	72,500
820,549	628,055
898,202	890,389
<u>1,863,908</u>	<u>1,671,415</u>

4,646	4,646
18,653	18,653
23,299	23,299
<u>2,230,920</u>	<u>2,224,773</u>

<u>18,639</u>	<u>12,492</u>
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3,996,589	3,996,589
<u>1,784,308</u>	<u>1,784,308</u>
<u>2,212,281</u>	<u>2,212,281</u>
<u>2,230,920</u>	<u>2,224,773</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Anglo United Development Corporation Limited and its wholly-owned subsidiaries as at October 31, 1975 and the consolidated statements of earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
December 2, 1975

COOPERS & LYBRAND
Chartered Accountants

SIGNED ON BEHALF OF THE BOARD

J. H. MORLOCK, Director

A. R. B. LOWE, Director

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF EARNINGS
For the Year Ended October 31, 1975**

	1975	1974
	\$	\$
INCOME		
Dividends	61,583	158,934
Oil production – net	7,814	2,076
Interest and other income	15,974	47,179
	<u>85,371</u>	<u>208,189</u>
EXPENSES		
Administration	65,460	51,673
Amortization of oil leases	7,814	2,076
Exploration expenses	12,097	154,440
	<u>85,371</u>	<u>208,189</u>
NET EARNINGS FOR THE YEAR	<u>—</u>	<u>—</u>

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended October 31, 1975**

	1975	1974
	\$	\$
WORKING CAPITAL PROVIDED BY:		
Dividends	61,583	158,934
Interest and other income	15,974	47,179
Oil lease rentals	7,814	2,076
	<u>85,371</u>	<u>208,189</u>
WORKING CAPITAL APPLIED TO:		
Interest in exploration ventures	192,494	150,786
Deferred exploration expenses	19,910	106,813
Administration expenses	65,460	51,673
	<u>277,864</u>	<u>309,272</u>
DECREASE IN WORKING CAPITAL	192,493	101,083
WORKING CAPITAL – BEGINNING OF YEAR	286,026	387,109
WORKING CAPITAL – END OF YEAR	<u>93,533</u>	<u>286,026</u>

ANGLO UNITED DEVELOPMENT CORPORATION LIMITED AND ITS WHOLLY-OWNED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended October 31, 1975

1. ACCOUNTING POLICIES

The accounting policies of the company and its subsidiaries are in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant for the company.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries, Anglo United Investments Limited and Munster Base Metals Limited.

(b) Translation of foreign currency

Current assets and current liabilities are converted to Canadian dollars at the year-end exchange rate. Other assets have been converted at the rate in effect at the time of the transaction.

(c) Amortization

Oil leases are being written off on the basis of net revenue received.

(d) Deferred exploration expenses

These expenses are deferred until such time as they are written off against production from the property to which they apply or until the claims are sold or otherwise disposed of. Sufficient expenditures are charged to expenses in the year incurred to absorb the dividend income.

2. INVESTMENTS

Due to the number of shares held the quoted market value is not indicative of the value which may be more or less than that indicated by market quotations.

3. MINING AND OIL PROPERTIES

(a) The amounts shown for mining and oil properties represent costs to date, less amounts written off, and are not intended to reflect present or future values.

(b) Oil leases consist of a 10% interest in the Sarcee Buffalo Group and the Canex Buffalo Group in the Buffalo-Bindloss Area of Alberta.

(c) Mining claims consist of the Camp Lake property of 20 claims in the Snare River area, Northwest Territories.

(d) Interest in exploration ventures

This consists mainly of the expenditures on the Irish property covered by the Penarroya agreement of \$750,515 (1974 - \$603,251).

(e) Penarroya Agreement

As of November 1, 1975 Munster Base Metals Limited (a wholly-owned subsidiary), Societe Miniere et Metallurgique de Penarroya and Preussag - Metals A. G. entered into a joint venture agreement in respect of certain mining licences held in the Republic of Ireland. Under the agreement, which is to remain in force until such time as all licences have been abandoned or surrendered, Munster has an initial participating interest of one-third. The aforementioned agreement supercedes the initial agreement of July 1, 1971.

**ANGLO UNITED DEVELOPMENT CORPORATION LIMITED
AND ITS WHOLLY-OWNED SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended October 31, 1975**

3. MINING AND OIL PROPERTIES (continued)

- (f) Deferred exploration expenses relate mainly to the Camp Lake property, Northwest Territories, and the changes are summarized below:

	1975	1974
	\$	\$
Balance – beginning of year	890,389	938,016
Expenditures during year	19,910	106,813
	<u>910,299</u>	<u>1,044,829</u>
Amounts written off	12,097	154,440
Balance – end of year	<u>898,202</u>	<u>890,389</u>

4. SENIOR OFFICERS' REMUNERATION

The aggregate direct remuneration paid to directors and senior officers (as defined by the Business Corporations Act, which includes the five highest paid employees) was \$69,932 (1974 – \$64,501).

5. SUBSEQUENT EVENT

Subsequent to the end of the year 600,000 common shares were issued by a private placement for cash of \$400,000.

